

**Department of Management and Budget
Acquisition Services**

**Report of Proposed Changes in Excess of \$500,000
To Current Contracts for Computer Software Development,
Hardware Acquisition, or Quality Assurance**

Sec.710 of Public Act 327 of 2004

(August 16, 2005)

Questions regarding this report may be directed to Tony DesChenes, 517-373-9417

August 16, 2005

**BID TABULATION AND RECOMMENDATION FOR AWARD
DEPARTMENT OF MANAGEMENT AND BUDGET
ACQUISITION SERVICES**

CONTRACT DESCRIPTION: 071B4200028 - Quality Assurance / Evaluation -
Department of Community Health

CONTRACT PERIOD - BASE YEAR(S): 10/01/03 through 09/30/04 [1 Year] with one option to
extend 1-Year [through 09/30/05]

☐ - **OPTION 1** N/A
☐ - **OPTION 2** N/A
☐ - **OPTION 3** N/A

CONTRACTOR:
Public Consulting Group, Boston, MA

INCREASE
\$2,475,878.00

☐ - **Check if a Michigan-based Business**

☒ - **Check if AS1 received by Acquisition Services and reviewed by DMB**

☐ - **Check if request is to extend contract (no option in base contract) - Time period of extension**

☒ - **Check if extension request is beyond option year(s) - Time period of extension:**
10/01/05 through 09/30/06 (1 Year)

FUNDING SOURCE: 50% Federal Funds and 50% State General Funds

PURCHASE JUSTIFICATION:

Description of Product Service Requested: Quality Assurance / Evaluation Outreach Program to Medicaid School Based Services Providers.

Purpose/Business Case of New Contract, Amendment, or Extension and Expected Outcomes: Amendment is to -

- Add a federally mandated service of developing a rate-setting methodology (to develop a Fee-For-Service, cost-based rate methodology) and then developing an annual cost reconciliation process (for that rate-setting method) for the Michigan public-school-based providers; and also,
- To continue the existing quality assurance and out-reach services to these providers for an additional fiscal year; and,
- To add to two 1-Year options to extend this competitively bid award, for a maximum contract life of no more than five years.

Commitment: One-year, fixed price, commitment, with a rate-per-unit of service reimbursement method, and a not-to-exceed cumulative, maximum total.

Risk Assessment: Failure to implement this federally mandated requirement (rate-setting method and a payment reconciliation process for that method), or failure to continue the current quality assurance services to school-based Medicaid providers, poses considerable financial risk to the State in the form of possible recoupment of federal funds (due to audit exceptions), assessment of penalties, additional possible audit exceptions, and failure to implement these services also poses additional financial risk of possible incorrect or fraudulent claims from the school-based providers.

Cost Reduction Consideration:

A. Negotiated Savings: \$64,026.00

B. Cost Avoidance: -0-

C. Total Savings: \$64,026.00

PRICE CLAUSE: Fixed, rate-per-unit of service pricing.

CS-138: 192S0002113

ORIGINAL CONTRACT AMOUNT: \$1,277,000.00

CURRENT CONTRACT AMOUNT: \$2,834,122.00

PROPOSED AMENDMENT INCREASE AMOUNT: \$1,376,209.00

PERCENTAGE OF CHANGE BETWEEN AMENDMENT AND ORIGINAL CONTRACT AMOUNT: 1.08%

PERCENTAGE OF CHANGE BETWEEN AMENDMENT AND CURRENT CONTRACT AMOUNT: 48.5%

ESTIMATED 05 FISCAL YEAR INCREASE: \$198,574.00

ESTIMATED 06 FISCAL YEAR INCREASE: \$ 1,177,635.00

NEW TOTAL CONTRACT COST: \$4,210,331.00

☐ Check if > \$500,000 for software development, computer hardware acquisition or quality assurance?

INFORMATION BELOW THIS LINE FOR INTERNAL USE ONLY

Buyer Signature

Manager Signature

Division Director Signature

Acquisition Services Director Signature